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11 February 1948

MEMORANDUM FOR: Chief, FBIB
Chief, Services Branch

SUBJECT: Progress Report on Cyprus Party for the Period 3 - 10 February 1948

The CIA group, accompanied by Mr. J. L. Spivey of the Grecian District Engineer Office, arrived in Cairo at 1:00 a.m. Tuesday, February 3, on TWA Flight No. 928 from Athens. Rooms were secured at Shepheard's Hotel. No difficulty was experienced in clearing through the Egyptian Customs.

The same day we contacted Mr. Ben H. Hall, Chief, Mediterranean Bureau, FBIS, and discussed the Cyprus Project in general terms with him and Mr. Keller, Administrative Officer. We were shown through the Cairo office by Mr. Hall.

CALLS IN CAIRO,

On Wednesday, February 4, we called on Col. William K. McNown, U. S. Military Attaché, at his office in Cairo. Arrangements were made with him for transportation of the group to Cyprus via Military Attaché's plane, on or about February 12, the earliest date on which his plane would be available. Col. McNown was very cooperative, and offered us whatever assistance he might be able to render. Transportation of dependents to Cyprus upon their arrival in Egypt was also discussed although Col. McNown was unable to make a definite commitment in this respect at the time.

Mr. Quinn called on Capt. Hamburger, U. S. Naval Attaché, and discussed some of the transportation and communications difficulties anticipated by the group. Capt. Hamburger expressed the willingness to extend every possible assistance.

The group then called on Mr. Farnsworth, Second Secretary of the U. S. Embassy in Cairo, for the purpose of discussing various legal problems which we anticipate in acquisition of property at Cyprus. However, Mr. Farnsworth advised that he was not a lawyer or was he acquainted with the regulations pertaining to purchase of property on Cyprus. He did advise that the Treasury Special Deposit Account could not be used for any purpose other than purchase of real property in Egypt for official use of the U. S. Embassy. Cyprus being a possession of Great Britain makes it necessary that arrangements be made through U. S. Embassy, London, for use of any unused Special Deposits of the U. S. Treasury, necessary in acquisition of property on Cyprus. This arrangement should be cleared with the State Department, Washington.

On February 5th we called on Mr. James D. Dusenberry, F.B.I. representative, for discussion regarding costs and availability of supplies, equipment and building material in Cairo. He advised that sources of supply for equipment or building material were very limited and believed our idea of procurement of pre-fabricated buildings was a much better plan. He arranged for us to see a building contractor at Famagusta, Cyprus who will give us estimates on construction and materials for our entire project.

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Mr. Stutler and Mr. Preston called on Major Joseph C. Baer, Director of F. L. C., and discussed arrangements for disposition of surplus property. Major Baer also confirmed the statements of Mr. Farnsworth regarding use of Treasury Special Deposit Account.

A call was made by Lt. Col. Seely and Mr. Hall on Mr. Jefferson Patterson, Counselor of the U. S. Embassy, on Thursday, February 5, for the purpose of arranging a safe method of transmitting classified material between Cyprus and Cairo. Mr. Patterson stated that there was no objection on the part of the Embassy to our using the British diplomatic pouch for this purpose, provided satisfactory arrangements could be made with the British. This meeting was also attended by Mr. Sam Gilstrap, Attaché for Administration, and Mr. Thomas F. Valenza, Communications Officer of the Embassy. We later saw Mr. Charles V. White, Administrative Attaché, who informed us that he would make the necessary arrangements with the British provided we secured approval from CIA in Washington. A cable was sent to Washington by Lt. Col. Seely recommending that approval be granted for the use of the British Diplomatic courier for this purpose. No answer had been received at the time of writing this report.

On Friday, February 6 the entire group, accompanied by Mr. Ben H. Hall, called on the American Ambassador to Egypt, Mr. S. Pinkney Tuck. This was a courtesy call, during which our project was explained in general terms. The ambassador offered us his assistance.

MISCELLANEOUS:

Mr. Hall shipped two jeeps to Mr. Collyer, Chief, Cables and Wireless, Nicosia, Cyprus, from Alexandria on February 1. They arrived at Limassol on February 3 and were moved to Nicosia where Mr. Collyer has them stored until our arrival.

The operations building plan was discussed with the members of the Mediterranean Bureau Staff in order to insure adequate design. Some minor modifications were found advisable. Mr. Spivey and Mr. Quinn set out to prepare more detailed plans, and enlisted the aid of Mr. Zarb, a local architect, in determining cost and type of local construction materials. The additional coverage planned for this station made it necessary to investigate the adequacy of the presently proposed antenna system. Additional antennas may be found desirable.

GENERAL COMMENTS ON CAIRO:

The official exchange rate in Cairo approximates 24 P.T. (Egyptian Piastres) to one U. S. dollar. One hundred piastres equals one Egyptian pound. Black market dealers offer about 35 piastres to the dollar; however, black market currency dealing is subject to severe penalties, and is risky. It is very difficult to reconvert Egyptian currency to dollars, therefore one should not buy more Egyptian currency than he actually needs.

2/25/71 10:00 AM WMB

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Prices in Cairo are generally higher than in the U. S. For example, men's shirts sell for the equivalent of about \$10.00. American goods such as Kleenex cost many times as much as in the U. S.

We stayed at Shepheard's Hotel in Cairo. A double room without bath costs 120 piastres per day. Breakfast costs 15 piastres, lunch 40 piastres, and dinner 45 piastres. The hotel adds 10% to the overall bill for service, which is supposed to cover tips. Shepheard's is conveniently located down town, is frequented by Americans, and is probably the best place to stay. Advance reservations should be made through Mr. Hall at the Cairo bureau.

The temperature in Cairo averages 60 - 65 ° in February. By mid-April, light summer clothing is advisable. Although it seldom rains in Cairo, there were a few showers during our stay!

Anti-American feeling in Cairo has subsided since the initial Arab demonstations following the U.N. decision on the partitioning of Palestine. We experienced considerable annoyance in the streets from would be guides, money-changers, sellers of trinkets, and shoe-shine boys, however, who are extremely persistent. They sometimes gang up on an American and adopt threatening attitudes when he tries to drive them away. Some of our party were nearly showered with shoe polish when we dispersed a group of shine boys who were pestering us.

The Egyptian Customs places a limit of 100 cigarettes and 25 cigars admitted duty free in the possession of incoming travelers.

Packages containing gifts cannot be sent home to the U.S. without Egyptian export licenses. These are hard to get.

ROGER G. SEFLY

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